

MEMORANDUM

TO: CTIO¹ BOARD OF DIRECTORS
FROM: PIPER DARLINGTON, BUDGET AND SPECIAL PROJECTS MANAGER
SUBJECT: SECOND BUDGET AMENDMENT TO THE FISCAL YEAR 2022-23 BUDGET
DATE: NOVEMBER 16, 2022

Purpose

This memo provides information to the Colorado Transportation Investment Office (CTIO) Board of Directors (the Board) regarding proposed changes to the fiscal year (FY) 2022-23 budget for Fund 537 (Operating Fund) and Fund 536 (Special Revenue Fund).

Action

The Board is asked to review the request and approve Resolution #402, included as Attachment A, approving the second budget amendment of FY 2022-23.

Details

Specific changes related to the proposed second budget amendment are highlighted in yellow on Exhibit A of Attachment A.

Changes for Fund 537 are as follows:

Lines 4: CDOT Payment for Floyd Hill Intra-Agency Agreement: This line has been added to reflect the \$2.4 million payment from CDOT to CTIO authorized under the first amendment to the Floyd Hill Revenue Gap Study Intra-Agency Agreement (IAA). The IAA was approved by the Board and the Transportation Commission (TC) in June 2022 and was executed in October 2022. Under the terms of the IAA, CTIO will pursue a TIFIA loan for the Floyd Hill project through the USDOT Build America Bureau (BAB).

- *Line 21: Express Lanes Communications and Public Affairs Support:* This line is being increased to reflect year-one costs under a newly issued contract with CTIO's communications consultant, Communications Infrastructure Group (CIG).
- *Line 23: Traffic and Revenue Advisor:* This line has been increased to reflect the cost of the investment grade traffic and revenue study and initial financial modeling work that will be required as part of the TIFIA loan process for Floyd Hill.

Changes for Fund 536 are as follows:

- *Line 35: I-25 North Segment 3 Bank of America Loan Payoff:* This line has been added to reflect the payoff of the capital construction loan between CTIO and Bank of America, N.A. (BoFA) that

¹ The High-Performance Transportation Enterprise (HPTE) is now doing business as the Colorado Transportation Investment Office (CTIO). CTIO is how the enterprise refers to itself now and in the future. However, the HPTE name is retained for legislative and legal documents.

was entered into in February 2016. The final payoff amount is based on \$23.630 million for the principal balance and \$440,194.08 of accrued interest through November 22, 2022.

- **Line 76: HB-22-1074 Safety Enforcement Civil Penalties and Line 90: HB-22-1074 Implementation and Back Office Costs:** These lines have been added to reflect estimated revenue and expenses that will be generated from the new I-70 Mountain Express Lane (MEXL) Safety Enforcement program. The estimates are based on the following conservative assumptions:
 - The previous twelve months of eastbound and westbound MEXL toll transaction counts were used as a base number from which the estimated number of safety enforcement violations was calculated. Staff applied an estimate of five percent to the base number to arrive at the figure from which the estimated revenue and expenses were calculated. Staff anticipates that this percentage will actually be higher when those drivers that weave are accounted for.
 - Violators are assessed a \$150 fee and that 70 percent of all drivers will receive a 50 percent discount for early payment. The estimate assumes that the remaining 30 percent of violators will be sent to collections, with an estimated 17 percent recovery rate.
 - That 28 percent of our monthly costs to operate the safety enforcement back office will be fixed and go towards staffing, website operation, credit card fees, and mailing. The remaining 72 percent will be variable and is based on a cost of \$47 per paid civil penalty notice.

Based on Board feedback, current pricing information for operating the safety enforcement back office and the conservative assumptions listed above, staff feels comfortable moving forward with establishing a budget for the program at this time. This will allow staff to move forward with implementation of the program. CTIO will closely monitor both driver and payment behavior as the program goes live and will bring regular updates to the Board, including any budget adjustments that might be needed.

With tolling commencement anticipated in early 2023 for Central 70, staff is asking the Board to establish a budget for the corridor. New lines have been added as follows:

- **Lines 114 and 115: Tolling Revenue and Interest:** Revenue estimates are based on current traffic and revenue forecasts that CTIO has for the Central 70 corridor. All forecasts represent what CTIO expects to collect and account for a certain percentage of leakage and uncollectable tolls. Forecasts have been adjusted slightly to account for the mid-fiscal year openings.
- **Lines 121-125: Various:** The budget identified will be used to support all tolling operations on the corridor. Activities include mailing of transponders, processing of tolls, customer service, routine roadway maintenance, maintenance of tolling equipment and software, safety patrol and traffic operations center (TOC) monitoring of the Express Lanes. Staff has included a small contingency to account for any unforeseen cost increases.

Options/Decision Matrix

1. Act on Resolution #402 adopting an amended budget. **Staff recommendation**
2. Request additional information on any of the items requested as part of the amendment.
3. Deny the requests and direct staff to explore other options to cover these costs.

Next Steps

- CTIO staff will work with its lender Bank of America, N.A. to finalize payoff of the loan by November 22, 2022.
- CTIO staff will coordinate with the Office of Financial Management and Budget (OFMB) to ensure that the approved budget amounts for Central 70 are distributed correctly.
- CTIO Staff will return in the next few months to finalize the business rules for the I-70 MEXL Safety Enforcement Program with the Board.

Attachment

- A. Resolution #402